



# ROCKLIN SALES TAX

Second Quarter Receipts for First Quarter Sales (Jan. - Mar. 2005)

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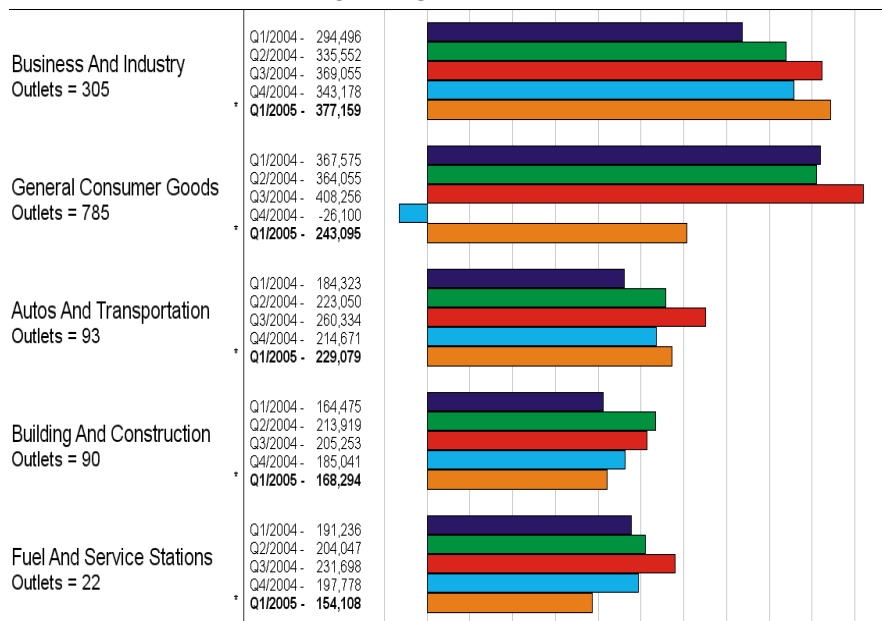
## In Brief

Receipts from Rocklin's January through March sales were 1.2% lower than the same quarter one year ago.

The previous closeout of Walmart and a decline in lumber/building materials and office equipment were primarily responsible for the decrease. The losses were largely offset by onetime accounting adjustments in the office supply and electrical equipment categories, new additions to the car dealership, contractor supply and sporting good classifications and a strong quarter for boats/motorcycles. Comparisons of service stations were skewed by onetime reporting aberrations.

Gross receipts for all of Placer County increased 7.5% over the comparable time period while the Sacramento Region as a whole, was up 4.8%.

## Sales Tax By Major Business Group



\* Current Quarter

## SALES TAX NOTES

### Intermingling of Stores and Web = Nexus

Borders Online must pay California sales tax according to a ruling by the 1<sup>st</sup> Circuit Court of Appeals.

Borders Online, which is a separate entity from Borders Inc., had argued that because it has no physical presence in California, it is exempt from sales tax per a 1992 Federal Supreme Court decision (Quill v. North Dakota) that said only retailers with an in-state nexus are required to collect that state's taxes.

However, the California court ruled that the operations of the two corporations are too interlinked for the web store to be considered as a separate, out-of-state retailer and that the California stores actually serve as an agent for Borders Online. They cited in-store advertising for the web site, receipts that said "visit us online at

www.borders.com" and the ability of web customers to return merchandise to the stores. They further noted that the companies have common officers and directors, share marketing and financial data and maintain a similar logo.

Amazon Inc., which contractually manages the web site for Borders, argues that its own operation is not impacted by the decision because they have no ownership interest in any of Border's entities and are not ultimately responsible for the tax. (Borders Online LLC vs. State Board of Equalization, Case No. A105486 (Cal. Crt. App. May 31, 2005).

### Statewide Growth Trends

Cities and counties in California generated \$1,225,545,549 in local sales and use tax in the first quarter of 2005, exhibiting a state wide gain of 4.9% over the same quarter one year-ago.

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## Top 25 Producers Listed Alphabetically

Accu Bite Dental Supply  
Albertsons  
Arco Am Pm Mini Mart  
Bel Air Mart  
Chevron U S A  
Cope & Mc Phetres Marine Sales  
Dan Gamel R V  
Dawson Oil  
Granite Motorsports  
Hoffman Technologies  
K Mart  
Land Rover Rocklin  
Meeks Building Center  
Oracle  
Patterson Dental Supply  
Pottery World  
Rocklin Kia  
Safeway  
Safeway Gasoline Sales  
Scafco Steel Stud Manufacturers  
Sierra College Book Store  
Sleep Train  
Sunset Park Am Pm  
Tri Pacific Supply  
Verizon Wireless Network Procrmnt

## Top 20 Business Categories

Code	Business Type Description (Count)	AGENCY			COUNTY		HdL STATE	
		1st Qtr '05	1st Qtr '04	Change	1st Qtr '05	Change	1st Qtr '05	Change
62	Service Stations (16)	104,329	139,764	-25.4%	768,653	-14.1%	76,883,070	-9.1%
84	Health Services (18)	95,095	101,392	-6.2%	156,612	1.2%	7,005,772	12.1%
24	Fast Food (74)	79,173	74,925	5.7%	451,118	3.1%	51,416,344	7.3%
18	Office Supplies/Furniture (42)	77,780	32,675	138.0%	248,586	-5.8%	27,477,107	2.1%
82	Contractors (62)	77,113	60,846	26.7%	553,968	19.6%	35,379,459	10.4%
86	Electrical Equipment (24)	64,178	10,193	529.6%	300,401	-52.9%	16,078,959	-17.6%
34	Grocery Stores Liquor (6)	60,317	60,727	-0.7%	445,709	8.8%	29,836,711	12.7%
63	Trailers And Supplies (3)	--CONFIDENTIAL--			179,845	19.9%	6,092,279	28.0%
19	Specialty Stores (277)	53,982	45,895	17.6%	398,557	0.6%	35,941,979	6.3%
50	Lumber/Building Materials (15)	52,862	63,815	-17.2%	804,382	3.7%	55,272,580	7.3%
66	Boats/Motorcycles (8)	52,315	43,235	21.0%	259,415	9.4%	6,292,916	7.4%
96	Petroleum Prod/Equipment (4)	49,778	51,472	-3.3%	435,509	108.4%	13,308,545	-4.0%
60	New Motor Vehicle Dealers (2)	--CONFIDENTIAL--			3,408,677	10.1%	138,188,827	0.9%
98	Heavy Industrial (10)	35,650	35,790	-0.4%	116,107	-6.6%	15,218,715	7.7%
61	Automotive Supply Stores (29)	33,705	28,089	20.0%	165,978	19.0%	15,405,389	22.7%
30	Home Furnishings (94)	33,063	45,457	-27.3%	377,606	6.3%	27,745,734	9.4%
33	Grocery Stores Beer/Wine (14)	26,868	32,185	-16.5%	195,009	3.7%	13,542,715	-2.1%
12	Sporting Goods/Bike Stores (36)	26,554	19,153	38.6%	288,377	21.8%	9,148,286	10.1%
83	Office Equipment (10)	26,269	52,045	-49.5%	42,019	-52.3%	8,329,932	6.8%
16	Stationery/Book Stores (24)	25,127	19,817	26.8%	93,818	7.7%	9,091,096	2.3%
	Retail Stores (875)	931,396	1,030,031	-9.6%	12,038,405	6.1%	828,215,173	4.2%
	Non-Store/Part Time Retailers (107)	5,663	4,977	13.8%	57,118	-9.1%	5,605,171	3.4%
	Business, Service & Repairs (268)	177,398	173,598	2.2%	876,423	21.2%	81,515,861	3.7%
	All Other Outlets-Industrial (192)	285,690	224,773	27.1%	1,711,027	1.7%	157,495,120	1.7%
<b>TOTAL ALL ACCOUNTS (1443)</b>		1,400,737	1,433,379	-2.3%	14,685,603	6.3%	1,072,967,527	3.7%
<b>COUNTY &amp; STATE POOL ALLOCATION</b>		149,137	134,728	10.7%				
<b>GROSS RECEIPTS</b>		1,549,874	1,568,107	-1.2%				

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Southern California's Inland Empire, the San Joaquin Valley and the suburban communities surrounding Sacramento continued to lead the state in sales tax growth.

Despite record rainfall, most regions benefitted from increased spending on general consumer goods and restaurants. Receipts from fuel and service stations increased 6.5% when adjusted for aberrations.

There was little growth in car sales except in the Sacramento and San Joaquin Valley regions while Building and Construction materials continued to reflect strong demand and prices.

Gains in business transactions were primarily limited to the Sacramento region, Southern California and the San Joaquin Valley, where sales of agricultural related goods and equipment were exceptionally strong. Although there were some bright spots in the high tech sector, overall receipts from business sales in the nine-county Bay area continued to lag.

Regional gains over last year's comparable quarter:

Bay Area	2.4%
Central Coast	2.2%
Far Northern Counties	6.5%
Sacramento Region	4.8%
San Joaquin Valley	9.1%
Sierra Foothills	5.2%
Southern California	5.4%

### Fiscal Year To Date Revenue Comparison

	2003-04	2004-05
Point-of-Sale	5,531,139	5,851,401
County Pool	588,725	635,992
State Pool	10,746	7,906
Gross Receipts	6,130,610	6,495,298
Less Triple Flip*	0	(1,183,184)

\*Reimbursed from county compensation fund

